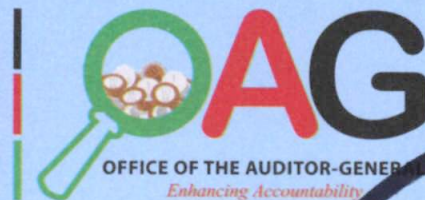


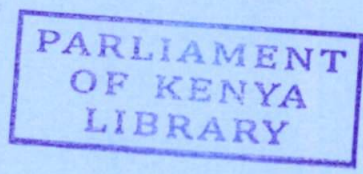
REPUBLIC OF KENYA



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REPORT

OF



THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF WAJIR

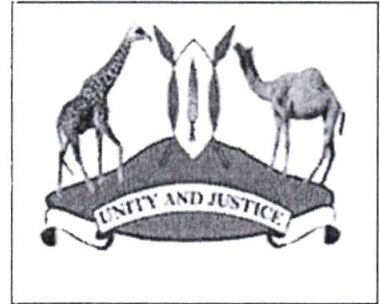
FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	18/02/2026
TABLED BY	WEGGWE
COMMITTEE	
CLERK AT THE TABLE	TIFFANY

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30 OCT 2025



COUNTY ASSEMBLY OF WAJIR

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional Financial Statements Prepared in accordance with the Accrual Basis of Accounting
Method Under International Public Sector Accounting Standards (IPSAS)

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents

Page

1. Acronyms, Abbreviations and Definition of Key Terms.....	ii
2. Key Entity Information and Management.....	iii
3. Governance Statement.....	v
4. Foreword by the Clerk of the Assembly.....	x
5. Statement of Performance Against County Assembly Predetermined Objectives xii	
6. Environmental and Sustainability Reporting.....	xiii
7. Management Discussion and analysis.....	xiv
8. Report of the independent auditor for Wajir County Assembly.....	xviii
9. Statement of Financial Performance for the year ended 30 June 2025.....	1
10. Statement of Financial Position as at 30 June 2025.....	2
11. Statement of Changes in Net Assets for the year ended 30 June 2025.....	4
12. Statement of Cash Flows for the year ended 30 June 2025.....	5
13. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025.....	6
14. Notes to the Financial Statements.....	8
15. Appendix.....	40
Use of Goods and Services.....	50
Irregular Payment to the County Assembly Forum and Clerks Society.....	50

1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

B. Definition of Key Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

The Wajir County Assembly is constituted as per the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 30 Members of County Assembly (MCAs) elected and 15 nominated totalling to 45 MCAs to represent members of the public from their respective wards and interest groups. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive, The County Assembly is composed of one department

No.	Department	Major Responsibility
1.	Office of the Clerk	Management of County Assembly affairs

b) Key Management team

Wajir County assembly's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Abdille Yussuf Mohamed
2.	Clerk of the County Assembly	Shalle Mursal Sheikh
3.	Principal Finance Officer	Abdullahi Ahmed Ali

The above team work in conjunction with;

1. County Assembly Service Board
2. County Assembly Staff Management Committee
3. County Assembly Finance Management Committee
4. County Assembly Internal Audit Office

c) Fiduciary Management

The key management personnel who held office during the period ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	- Shalle Mursal Sheikh
2.	Principal Finance Officer	- Abdullahi Ahmed

Fiduciary Oversight Arrangements

Below find a high-level description of the key fiduciary oversight arrangements covering;

County Finance, Budget and Appropriations committee whose functions include; -

- investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget and finance
- discuss and review the estimates and make recommendations to the county assembly
- examine the county budget policy statement presented to the county assembly
- examine bills related to the county budget and finance including appropriations bills

County Public Accounts and Investment committee that is responsible for;

- the examination of the accounts showing the appropriations of the sum voted by the county assembly to meet the public expenditure and of other such accounts laid before the county assembly as the committee may think fit
- the examination of the reports of auditor general on the annual accounts of the county government and examination of special report, if any, of the auditor general on the county government expenditure

Committee on Implementation whose mandate is to; -

- scrutinize the resolutions of the county assembly (including the adopted committee reports), petitions and the undertakings given by the county executive committee and examine whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented: and whether such implementation has taken place within the reasonable time necessary
- the committee may propose to the county assembly, sanctions against any member of the county executive committee who fails to report to the relevant select committee on implementation status without justifiable reasons

d) Entity Headquarters

P.O. BOX 495 – 70200
Wajir County Assembly Building
WAJIR, KENYA

e) Entity Contacts

clerk@wajirassembly.go.ke
Website: www.wajirassembly.go.ke

f) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2. Kenya Commercial Bank
Wajir Branch
P.O. Box 201
Wajir, Kenya

g) Independent Auditor

Auditor-General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

h) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of Wajir County Government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the County Assembly Service Board while the County Assembly Clerk is the Secretary.

Section 10 (4) of the County Governments Act 2012 provides that a County Assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

The Roles of the County Assembly are outlined in Section 8 of the County Governments Act 2012 include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the County Government in accordance with Article 212 of the Constitution.
- e) Approve County development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly executes its mandate, through committees which are broadly classified into two.

a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies.

b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Public Service, Labour and Decentralized Units
- b) County Public Accounts and Investments Committee
- c) Justice and Legal Affairs
- d) Peace, Cohesion and County Integration
- e) Committee on Implementation
- f) Committee on Delegated County Legislation

- g) Medical Services, Public Health and Sanitation
- h) Agriculture, Livestock and Fisheries
- i) Roads, Transport and Public Works
- j) Trade, Tourism, Co-Operative Development and Wildlife
- k) Committee of Powers and Privileges
- l) Welfare and General Administration Committee
- m) Committee on Disability
- n) County Finance, Budget and Appropriations Committee
- o) ICT & E-Government
- p) Water, Energy, Environment and Natural Resources
- q) Early Childhood, Education and Vocational Training
- r) Children, Culture and Community Services
- s) County Assembly Procedure and Rules Committee

County Government of Wajir

Wajir County Assembly

Annual Report and Financial Statements for the year ended June 30, 2025

- t) Lands, Physical Planning and Housing Committee
- u) Committee on Selection
- v) Liaison Committee
- w) Committee on Appointment

a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the County Assembly as may be provided in the Standing Orders of the County Assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the County Assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 0 meetings in FY 2023/2024. The committee members during the period ended 30th June 2024 were:

Member	Designation	Ward
Hon Abdille Yussuf	Speaker	N/A
Hon. Maryan Abdullahi	Member of County Assembly	Nominated
Hon. Adan Adow	Member of County Assembly	Barwaqo Ward
Hon. Rahma Omar Osman	Member of County Assembly	Nominated
Hon. Fatuma Sheikh Abass	Member of County Assembly	Nominated
Hon. Fatuma Fille Elmi	Member of County Assembly	Nominated
Hon. Abdirashid Basha	Member of County Assembly	Hadado/adhibohol ward

b) Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 5 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon Abdi Mohamed Abdi	Chairperson	Ibrahim Ure
Hon Ibrahim Hussein Abdi	V/Chairperson	Wagalla/Ganyure
Hon Shamsa Issa Jimale	Member	Nominated
Hon Abdisalan Mohamed	Member	Gurar

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Hon Adan Hussein Ali	Member	Eldas
Hon Maryan Abdullahi	Member	Nominated
Hon Abdikarim Salat	Member	Godoma

c) Budget and Appropriations Committee

The budget and appropriations committee provides' guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon Nimo Ahmed Saney	Chairperson	Nominated
Hon Aden Abdi Bulle	V/Chairperson	Wagberi
Hon Dahaba Yussuf	Member	Banane
Hon Mahfudha A. Haji	Member	Ademasajida
Hon Abdirashid Adan	Member	Burder
Hon Abdirizack Dakat	Member	Korondille
Hon Abdirashid Mumin	Member	Hadado
Hon Yussuf Mohamed	Member	Elben
Hon Mahat Mohamed	Member	Township
Hon Adannur Ibrahim	Member	Buna/Batalu
Hon Abdirizack Adow	Member	Elnur/Tula Tula

Communication with all Stakeholders

The County Assembly is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, all sessions of the assembly are broadcasted live on local radios, specific chairs of committees are hosted by local radio stations for talk shows to get input from the public on important matters such as legislations, budgeting and other crucial matters affecting the electorates. This communication is important in ensuring that stakeholder expectations are aligned with county assembly programs and activities which in turn is incorporated in the county service charter.

The County Assembly also subjected 3 bills through public participation

Risk management

Risks are identified and managed through the various governance structures provided by the various legislations governing the county assembly of Wajir. Notable among these are the staff senior management committee, the internal audit function, the human resource advisory committee, the board and its various sub functional committees.

Each of these organs play a role in the process of identifying and managing risks. The ICT department is empowered to play a coordination role in the process of risks identification and management.

Risks identified during the year under review included low staff morale, absenteeism and the general productivity of staff. Biometric attendance system was initiated at the same time a performance contracting model accompanied by an appraisal system was adopted. This will be complimented by a rewards and sanctions system.

Compliance

Wajir county assembly complies with constitution 2010, PFM act 2012 and all its accompanying regulations, the public procurement and disposal act 2015 and its various regulations, the county government act 2012, the power and privileges act, the public audit act, employment act etc.

The Assembly is audited by the office of the Auditor general and any compliance issues are reported. Further other entities such as the COB, Anticorruption Commission and the Public Procurement and Regulatory Authority also scrutinise the Assembly with regards to compliance with laws.

4. Foreword by the Clerk of the Assembly

(i) Budget performance

The Assembly had an original budget of Kshs. 992,609,870, comprising of Kshs.992,609,870 Recurrent and Kshs. 0.00 on development. The budget was reduced from Kshs. 992,609,870 to Kshs. 784,444,072 resulting to the loss of Kshs. 208,165,798. (21%) A total of Kshs. 784,443,136 was received from the CRF to fund the recurrent budget and no funds were received to fund development budget. Total expenditure amounted to, Kshs. 784,434,618 for the recurrent budget forming absorption rate 99.99%.

(ii) Operational Performance

In the period ended 30th June 2025, the County Assembly of Wajir approved the following bill/s. The bills include;

1. The Wajir County Appropriation bill 2024/2025

The following bills have been passed/approved by the County Assembly.

- i. The Wajir County Enterprise Development Fund Bill, 2024

The following bills have gone through first reading and public participation.

- i. Water management bill, 2023

The bills and the policy documents approved by the assembly in this period are of immense benefit to the people of Wajir in the following main ways;

- ❖ The Wajir County Assembly has ensured development across the county and the uninterrupted flow of service delivery through the timely enactment and approval of relevant appropriations and policy documents
- ❖ Through legislation the Wajir County assembly has ensured that policies approved by the County Assembly conforms to the PFM act 2012.

The Assembly has a total of 24 committees that include 12 select committees and 12 sectoral committees whose mandates' cut across all the development sectors.

(iii) Performance of key development projects

The County Assembly did not have planned development activities in the year under review.

(iv) Comment on value-for-money achievements

The Assembly was able to achieve value-for money for the period ended 30th June 2024 through the following ways;

- a) Assembly's core business functions (legislation, oversight and representation) were effectively achieved during the year,
- b) Public participation was effective in that the same were inclusive and there was a sense of

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

ownership of the said projects by locals,

c) Administration function: The assembly managed to facilitate adequate staffs' development function through Capacity Building and Continuous Professional Development.

d) The County Assembly undertook its constitutional mandates of carrying out legislative business, oversight and representation. The Members of the County Assembly also participated in all relevant conferences and workshops.

(v) Challenges and Recommended Way Forward

In the continuous implementation of the integrated financial management Information System as well as internet banking platforms, we encountered the following challenges;

- Poor internet connectivity slowing down processing of transactions of both IFMIS and internet banking;
- Late disbursement of funds leading to penalties and interests
- CRA did not fund some critical budget lines hence leading to pending bills



Name: Shalle Mursal Sheikh
Clerk of the County Assembly

5 Statement of Performance Against County Assembly Predetermined Objectives

Guidance

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the County Government entity’s performance against predetermined objectives.

The key mandate of the County Assembly of Wajir is legislation, oversight, and representation. To achieve this, the assembly’s program was documented in terms of objective, key performance indicators, and output. Below were the expected outputs of the assembly in the period ended 30th June 2025

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Enhanced the ability of the MCAs in Legislation	4 legislative proposals and 3 policy documents were approved by Wajir County Assembly in the FY 2024/2025.	In FY 24/25 MCA were trained on the review and analysis of programme-based budget.
	Enhanced professional development of Committees for Effective Oversight on the executive	Enhanced the ability to conduct impartial investigation and Scrutiny of documents,	50% increase in oversight roles of assembly committees	In FY 24/25 MCA were trained on monitoring and overseeing the implementation of County assembly businesses, investigate, inquire into and report matters related to coordination, control and monitoring of the county budget.
Community and Stake holders	More involvement of the Public in decision making during legislation and Budget approvals	Enhanced the ability to consider the public proposals in decision making	70 % increase in the involvement of public in decision making	In the FY 24/25 all approvals conducted by the assembly were subjected to public hearings and involvement

6 Environmental and Sustainability Reporting

Wajir County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Below is a brief highlight of our achievements in each pillar

a) Sustainability strategy and profile -

The top management of Wajir County Assembly is committed to the Assembly's sustainability programs in the foreseeable future. The top management ensures that there is proper implementation of the strategic policy of the Assembly and by so doing will result to better sustainability of the County Assembly.

b) Environmental performance

The Wajir County Assembly spearheaded by its leadership is a champion of environmental conservation. The Assembly has participated in several tree planting activities, town clean ups and environmental awareness campaigns. The Assembly also encourages conservation through minimisation of paper misuse and proper waste disposal.

c) Employee welfare

Wajir County Assembly has Human Resource policy that clearly gives direction on hiring process and takes into account gender balancing at the work place. Reward for most performing employees is also considered.

d) Market place practices-

Wajir County Assembly ensures that its contracts are awarded transparently and with strict conformity to the law. This in turn encourages competition and the achievement of value for money. Complaints from suppliers are also handled by the most senior personnel of the institution in a timely manner.

e) Community Engagements-

All bills and other legislative proposals of Wajir County Assembly are subjected to public participation in all the 6 sub counties of Wajir County. This ensures that the people of Wajir County are greatly involved in the making of the decisions that affect their lives.

7 MANAGEMENT DISCUSSION AND ANALYSIS

Entity's Key Programs/Projects or Investment Decisions Implemented or Ongoing

Wajir County Assembly plays a critical role in legislation and oversight, particularly regarding development and investment decisions. One of its core functions is the approval of county budgets, which enables the funding of key infrastructure and social programs. Additionally, the Assembly is tasked with oversight responsibilities, ensuring that County departments implement projects as intended and in compliance with legal and financial regulations.

The Assembly also facilitates public participation, ensuring that local communities have a voice in decision-making processes. For instance, Assembly committees have been involved in public hearings and consultations with residents regarding major developments, where public views were implored and integrated. Such forums promote transparency and inclusivity, making development more aligned with local needs.

Entity's Compliance with Statutory Requirements

Over the past several years, the Wajir County Assembly has demonstrated efforts to comply with key statutory requirements, particularly in areas mandated by the Constitution and various governance laws. The Assembly has adhered to the legal provisions of public participation, especially during the formulation of budgets and county development plans, in line with Article 196 of the Constitution and the County Governments Act.

It has also regularly undertaken the approval of Finance Acts, allowing for the collection of revenue and the implementation of development projects. In doing so, the Assembly has generally followed the legislative procedures required under the Public Finance Management (PFM) Act, ensuring that financial bills undergo the necessary scrutiny and public input before enactment.

Additionally, the Assembly has shown compliance with statutory frameworks in areas of human resource management, procurement, and fiscal planning. This includes the timely submission of statutory deductions such as PAYE and pensions, as required by the Kenya Revenue Authority (KRA) and the Retirement Benefits Authority (RBA). Furthermore, the Assembly has observed budget ceilings outlined in the County Allocation of Revenue Act (CARA), aligning its expenditures with national guidelines. Procurement processes have been conducted in accordance with the Public Procurement and Asset Disposal Act, with oversight mechanisms in place to ensure transparency and value for money in the acquisition of goods and services. These efforts contribute to strengthening governance, accountability, and service delivery in Wajir County.

Major Risks Facing the Organization

Like many counties in Kenya, Wajir County Assembly is vulnerable to delays in equitable share disbursements from the National Treasury. This leads to disruptions in Assembly operations, delays in committee activities, and an inability to meet statutory obligations such as payment of salaries or implementation of oversight missions.

Material Arrears in Statutory and Other Financial Obligations

Over the past ten years, Wajir County Assembly has accumulated pending bills totalling KES 143 million. Despite this growing financial obligation, no clear repayment plan or timeline has been established. In the Financial Year 2024/2025, the Assembly's budget was reduced by KES 208 million, significantly constraining its ability to address the arrears. As a result of the reduction, an additional KES 107 million in pending bills has accrued. Without the adoption of deliberate, well-structured financial recovery measures, the burden of unpaid obligations is projected to escalate, posing a serious risk to the Assembly's fiscal stability and service delivery capacity.

Review of the Economy and Sector

Kenya's economy has shown moderate recovery post-COVID-19, with growth driven by agriculture, services, and infrastructure investment. However, inflationary pressures, high public debt, and delayed disbursements to counties continue to strain fiscal space. In devolved units like Wajir County, economic performance remains fragile, largely dependent on rain-fed pastoralism, limited private sector activity, and significant reliance on national transfers. Recurrent droughts, high unemployment, and weak infrastructure continue to hinder growth and service delivery.

For Wajir County Assembly, these economic challenges have translated into reduced budget ceilings, delayed exchequer releases, and growing pending bills—limiting its legislative and oversight functions and affecting its ability to fund key administrative operations.

Future Developments

The future of Kenya's economy is projected to experience moderate growth, supported by increased investment in infrastructure, digital economy expansion, and ongoing public sector reforms. However, challenges such as debt servicing pressures, climate change, and global market volatility could impact this trajectory.

In devolved units like Wajir County, future economic development will largely depend on improved governance, enhanced climate resilience, and diversification beyond pastoralism—particularly through investments in water, renewable energy, and trade infrastructure.

For Wajir County Assembly, this economic outlook calls for stronger fiscal discipline, enhanced oversight of County resources, and strategic legislation that promotes inclusive growth, local enterprise development, and sustainable service delivery aligned with the County's long-term development goals.

Any Other Information Considered Relevant to the Users of the Financial Statements

Users of the Wajir County Assembly's financial statements should be aware that the Assembly operates within a highly resource-constrained environment, influenced by national budgetary allocations, delayed exchequer releases, and fluctuating economic conditions.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

The existence of significant pending bills, reduced budget ceilings, and limited own-source revenue capacity directly impact the Assembly's ability to implement planned activities and meet statutory obligations. Additionally, ongoing efforts to enhance public financial management including compliance with the Public Finance Management Act, procurement regulations, and internal audit controls are central to improving transparency and accountability.

Stakeholders should also consider the impact of climate-related disruptions, regional security dynamics, and socio-economic vulnerabilities in the region, which may affect expenditure priorities and resource allocation within the Assembly's financial planning framework.

Statement of Management Responsibilities.

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

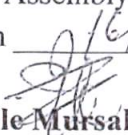
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the period ended 30th June, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2025, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 21/6/2025 2025.


Name: Shalle Mursal Sheikh
Clerk of the County Assembly

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF WAJIR FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Assembly of Wajir set out on pages 1 to 56, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Assembly of Wajir as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted Under IPSAS 33) and comply with the County Government Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

Overpayment of Mileage Allowances to Members of the County Assembly

The statement of financial performance reflects employee costs of Kshs.639,865,947 as disclosed in Note 7 to the financial statements. The amount includes an amount of Kshs.275,256,695 in respect of personal allowances paid as part of salary. The amount includes mileage allowances to Members of the County Assembly (MCAs) totalling Kshs.111,520,140. However, review of the claims revealed that the distances indicated from Wajir town to the respective wards were at variance with the actual distances provided by the Ministry of Transport and Infrastructure. As a result, the MCAs received payments above the allowable amounts by Kshs.52,290,590.

In addition, the Assembly applied mileage rate of Kshs.109 per kilometer instead of the approved rate of Kshs.77.35 per kilometer, contrary to the Salaries and Remuneration Commission Circular Vol. CXXV—No. 177 dated 9 August, 2023.

In the circumstance, the accuracy and regularity of mileage claims amounting Kshs.52,290,590 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Wajir Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Unresolved Prior Year Matters

In the prior year audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Assembly in 2024/2025 revealed that the following matters remained unresolved:

No.	Audit Issue
1.	Over-Payment of Mileage Allowance
2.	Unsupported Procurement for Advertisement Services
3.	Irregular Cash Payments in IFMIS
4.	Late Exchequer Releases
5.	Long Outstanding Pending Bills
6.	Non-Compliance with Staffing Level Ceiling
7.	Non-Adherence to Ethnic Composition Balance
8.	Staff Receiving Net Salary of Below a Third of Basic Salary
9.	Non-Compliance with Ward Partisan Staffing Level
10.	Irregular Payment to the County Assembly Forum and Clerks Society
11.	Non-adherence to Fiscal Responsibility Principle on County Assembly Expenditure
12.	Processing of Salary by Use of Manual Payroll
13.	Failure by the County Assembly to Deliberate Audit Report
14.	Effectiveness of the Internal Audit and Audit Committee

2. Late Exchequer Remittance

Review of records provided for the audit indicated that the County Assembly received Exchequer releases amounting to Kshs.98,048,922 on diverse dates in the months of June and July, 2025. This was contrary to Section 17(6) of the Public Finance Management Act, 2012 which provides that The National Treasury shall, at the beginning of every quarter and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to county governments.

Failure to disburse funds within the stipulated timelines may have negatively affected the operations of the County Assembly.

Other Information

The Management is responsible for the Other Information set out on page iii to xvii which comprise of Key Entity Information and Management, Governance Statement, Foreword by the Clerk of the Assembly, Statement of Performance Against County Assembly Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Assembly's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the

Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Ward Partisan Staffing Levels

As previously reported, the County Assembly engaged ward partisan staff for the elected and nominated Members of County Assembly (MCAs). Review of the ward staff for the month of June, 2025 payroll provided by the County Assembly, revealed that the Assembly employed a total of two hundred and fifty-seven (257) partisan staff for the wards against the recommended limit of one hundred and thirty-four (134) for the forty-five (45) elected and nominated MCAs in the County. This was contrary to Commission on Revenue Allocation Circular Number CRA/CSO/CMG//9/VOL V/59 dated 21 October, 2020 which recommended maximum number of three staffs to be attached to Members of County Assembly both elected and nominated, each earning a minimum salary of Kshs.30,341. The Assembly exceeded the maximum number of staff by one hundred and twenty-two (122). In addition, the Assembly paid a monthly salary ranging from Kshs.8,000 to Kshs.68,000 instead of the minimum of Kshs.30,341 recommended by Commission on Revenue Allocation.

In the circumstances, the Assembly contravened the Commission on Revenue Allocation Circular on advisory of ward offices operation costs.

2. Irregular Payments to the County Assembly Forum

During the year under review, the Assembly paid an amount of Kshs.500,000 to the County Assemblies Forum in respect of subscriptions to the Organization. However, the entity is not established by law and Management did not provide justifiable explanation for authorizing the payment.

In the circumstance, therefore, the regularity of the payment to the Forum could not be confirmed.

3. Non-Compliance with Staffing Ceiling for County Assemblies

Review of the Assembly's Human Resource Information System (HRIS) revealed that the Assembly had one hundred and seventy-nine (179) employees. The Commission on Revenue Allocation recommendation through Circular Number CRA/FA/01 VOL 11 (22) dated 28 June, 2018 on County Government Recurrent Expenditure ceilings addressed to County Governors and Speakers of County Assemblies, capped the maximum number of employees of County Assemblies under group 2 under which the County Assembly falls, at one hundred (100). The Assembly, therefore, surpassed the set limit of one hundred (100) employees by seventy-nine (79) employees.

In the circumstances, the Assembly was in contravention of the Commission on Revenue Allocation Circular.

4. Non-Compliance with Law on Staff Ethnicity and Diversity

Review of the Assembly's Human Resource Information System (HRIS) revealed that the Assembly had one hundred and seventy-nine (179) employees. Analysis of the employees' data revealed that 97% of the employees were from the dominant ethnic community with only 3% from other ethnic communities. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of the law.

5. Non-Compliance with Persons with Disabilities Act Provisions

Review of human resource records, revealed that only 3% of the staff were persons living with disabilities. This was contrary to the requirements of Section 5(1)(e) of the Persons with Disabilities Act, 2025, which states that every County Government shall promote the inclusion of persons with disability in the county public service by putting in place measures to ensure that at least five per centum of the employment positions are filled by persons with disability.

In the circumstances, Management was in breach of the law.

6. Non-Adherence to One Third of Basic Salary Rule

Audit review of the Assembly payrolls for the year under review, revealed that three (3) employees received net salaries that were less than one third of their respective basic salaries for various months of the year. This was contrary to the requirement of Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, the Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the

audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Appoint Accrual Transition Committee and Project Manager

Management did not provide evidence to support appointment of cash to accrual transition committee as well as a project manager who is vital in guiding the Assembly through the transition to accrual accounting period. This was contrary to paragraph 2.1.1 and 2.2.2 of The National Treasury Circular No.03/2025 which requires the accounting officers of all public entities to form a cash to accrual transition committee and appoint a project manager among the senior serving staff.

In the circumstances, the effectiveness of measures put in place to ensure successful transition from cash basis of accounting to accrual accounting could not be confirmed.

2. Failure to Deliberate on the Reports of the Auditor-General for County Entities

Review of the operations of the County Assembly Committees revealed that the Public Accounts and Investment Committee did not deliberate on the reports of the Auditor-General for the Wajir County Government entities except for two entities. None of the reports for the period ending 30 June, 2024 were discussed by the County Assembly.

In the circumstances, the effectiveness of the County Assembly in respect to execution of its oversight role could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

(Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Assembly's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


28 November, 2025

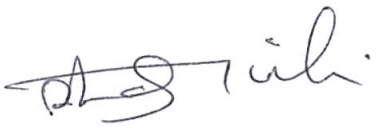
County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

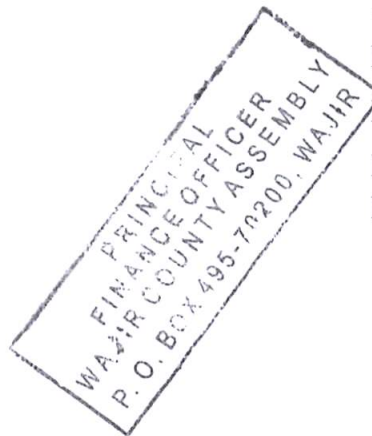
9 Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	784,443,136
Total revenue		784,443,136
Expenses		
Employee costs	7	639,865,947
Use of goods and services	8	231,704,264
Depreciation and amortization expense	9	506,793
Social Benefits	10	18,832,114
Total expenses		890,909,118
Surplus/Deficit for the year		(106,465,982)
Taxation		-
Net Surplus/Deficit		(106,465,982)

The Financial Statements set out on pages 1 to 7 were signed by:


.....
Name: Shalle Mursal Sheikh
Clerk of the Assembly


.....
Name: Abdullahi Ahmed
Principal Finance Officer
ICPAK Member
Number: 20351



County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

10 Statement of Financial Position as at 30 June 2025

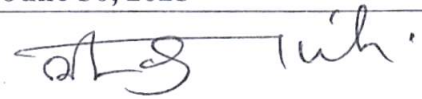
Description	Notes	2024/2025	Opening Statement
		Kshs	1 st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	8,518	284,475
Total Current Assets		8,518	284,475
Non-Current Assets			
Property, Plant and Equipment	12	1,015,107	-
Total Non- Current Assets		1,015,107	-
Total Assets (A)		1,023,625	284,475
Liabilities			
Current Liabilities			
Trade and Other Payables	13	233,512,405	126,022,798
Total Current Liabilities		233,512,405	126,022,798
Total Liabilities (B)		233,512,405	126,022,798
Net Assets (A-B)		(232,488,780)	(125,738,323)
Represented by:			
Reserves		-	-
Accumulated Surplus		(232,488,780)	(125,738,323)
Capital Fund		-	-
Net Assets		(232,488,780)	(125,738,323)

**County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025**

The financial statements set out on pages 1 to 7 were signed by:

.....
Name: Shalle Mursal sheikh

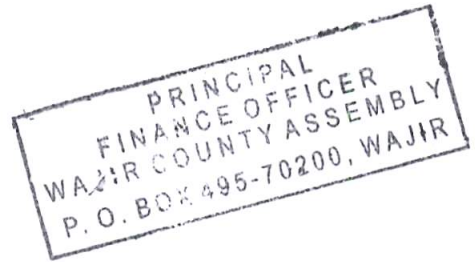
Clerk of the Assembly



.....
Name: Abdullahi Ahmed

Principal Finance Officer

ICPAK Member Number: 20351



11 Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30 th June 2024 (cash basis)	284,475			284,475
Adjustments: (to recognize assets and liabilities)				-
To Recognize Assets				
To Recognize Liabilities	(126,022,798)			(126,022,798)
As at July 1, 2024	(125,738,323)	-	-	(125,738,323)
Surplus/ deficit for the period	(106,465,982)			(106,465,982)
Returns to CRF	(284,475)			(284,475)
As at 30th June, 2025	(232,488,780)	-	-	(232,488,780)

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

12 Statement of Cash Flows for the year ended 30 June 2025

Description	Notes	2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		784,443,136.00
Miscellaneous Revenue		-
Other income		-
Total receipts		784,443,136.00
Payments		
Employee costs		561,358,671.00
Use of goods and services		200,292,841.00
Transfers to other Government Entities		-
Other Grants and Subsidies		-
Finance costs		3,968,725.00
Social Benefits		17,292,481.00
Total payments		782,912,718.00
Net cash flows from/(used in) operating activities	14	1,530,418.00
Cash flows from investing activities		
Purchase of PPE		(1,521,900.00)
Purchase Intangible assets		-
Proceeds from sale of PPE		-
Proceeds from sale of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(1,521,900.00)
Cash flows from financing activities		
Returns to CRF		(284,475.00)
Proceeds from borrowings		-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Repayment of borrowings		-
Net cash flows from financing Activities		(284,475.00)
Net increase/(decrease) in cash & Cash equivalents		(275,957.00)
Cash and cash equivalents as at Period Start	11	284,475.00
Cash and cash equivalents as at Period End	11	8,518.00

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

13 Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Recurrent and Development Budgets Combined

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Opening balance (Non-refundable special purpose accounts)				284,475.0	(284,475.0)	
Transfers from CRF	992,609,870.0	(208,165,798.0)	784,444,072.0	784,443,136.0	936.0	100%
Total revenues	992,609,870.0		784,444,072.0	784,727,611.0	(283,539.0)	
Expenses						
Employee costs	660,969,183.0	(99,609,202.0)	561,359,981.0	561,358,671.0	1,310.0	100%
Use of goods and services	262,426,119.0	(60,257,233.0)	202,168,886.0	198,192,841.0	3,976,045.0	98%
Finance costs				3,968,725.0	(3,968,725.0)	
Social Benefits	29,832,667.0	(12,539,363.0)	17,293,304.0	17,292,481.0	823.0	100%
Total	953,227,969.0		780,822,171.0	780,812,718.0	9,453.0	
Capital items						
Acquisition of PPE	39,381,901.0	(35,760,000.0)	3,621,901.0	3,621,900.0	1.0	100%
Total expenses Development				3,621,900.0	1.0	
Total Expenses	992,609,870.0		784,444,072.0	784,434,618.0	9,454.0	
Surplus/ deficit	-	-	-	292,993.0		

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reconciliation table

	Operating	Financing	Investing	total
<i>Actual amounts on comparable basis presented in the budget and actual comparative statement</i>	292,993.0	-	-	292,993.0
<i>Basis difference</i>	-	-	-	-
<i>Timing differences</i>	-	-	-	-
<i>Entity differences</i>	-	-	-	-
<i>Classification differences</i>	(284,475.0)	-	-	(284,475.0)
<i>Actual in the statement of cashflows</i>	8,518.0	-	-	8,518.0

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

14 Notes to the Financial Statements

1. General Information

Wajir County Assembly Entity is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are representation, Legislation and oversight.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

The County Assembly has opted to take advantage of the transitional provisions under IPSAS 33 and therefore these Annual Financial statements of the 1st financial year are transitional financial statements. Therefore, historical assets and inventories have not been recognised as the County Assembly has taken advantage of the transitional provisions outlined in IPSAS 33.

These financial statements were authorised for issue by the accounting officer on
.....16/10/2025

Basis of Preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

Reporting period

The reporting period for these financial statements is for the period ended 30th June 2025

Notes to the financial statements

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

Revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of an entity for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The *entity* pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the *entity* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *entity* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *entity's* future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Physical assets

An asset is a resource presently controlled by the entity as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

**County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025**

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Standard	Effective date and impact:
	financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 2nd August, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of (208,165,798) on the 2024/2025 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Budget information (continued)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented under section xxx of these financial statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value

Notes to the Financial Statements (Continued)

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty

that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- ii) Its intention to complete and its ability to use or sell the asset;
- iii) How the asset will generate future economic benefits or service potential;
- iv) The availability of resources to complete the asset;
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note xx.

ii. Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

Notes to the Financial Statements (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)

m) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The Entity regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers.

t) Service concession arrangements.

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

v) Comparative figures

In preparing these financial statements the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers 2024-2025
	Kshs	Kshs	Kshs
Recurrent	784,443,136	0	784,443,136
Development	0	0	0
Special purpose transfers	0	0	0
Total	784,443,136	0	784,443,136

7. Employee Costs

Description	2024/2025
	Kshs
Basic salaries of permanent employees	283,218,373
Basic wages of temporary employees	55,938,080
Personal allowances – part of salary	275,256,695
Pension and other social security contributions	2,212,000
Employer contributions to compulsory national social security schemes	0
Employer contributions to compulsory national health insurance schemes	23,240,793
Other social benefit schemes	
Other personnel costs	
Employee costs	639,865,941

8. Use of Goods and Services

Description	2024/2025
	Kshs
Utilities, supplies and services	290,204
Communication, supplies and services	369,980
Domestic travel and subsistence	67,557,800
Foreign travel and subsistence	11,462,000

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Printing, advertising, and information supplies & services	400,000
Rentals of produced assets	18,00,000
Training expenses	10,976,044
Hospitality supplies and services	11,588,750
Insurance costs	57,448,112
Specialized materials and services	0
Other operating expenses <i>including bank Charges</i>	50,324,964
Office and general supplies and services	8,281,430
Fuel Oil and Lubricants	2,837,980
Routine maintenance – vehicles and other transport equipment	900,000
Routine maintenance – other assets	7,467,000
Others (specify)	0
Total	231,704,264

9. Social Benefits

Description	2024/2025
	Kshs
Transfers to the elderly	0
Transfers to orphans	0
Transfers to the physically challenged	0
Government pension contribution	18,832,113.48
Total social benefit expenses	18,832,113.48

10. Depreciation and amortization expenses

Description	2024-2025
	Kshs
Recurrent Account	506,793
Total	506,793

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

11. Cash and Cash Equivalents

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	8,518	284,475
Development Account	-	-
Deposits Account	-	-
Special Purpose Accounts	-	-
Total	8,518	284,475

11 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Recurrent Accounts			
Wajir County Assembly Recurrent- CBK Kshs.	1000241397	8,518	280,225
Wajir County Assembly Recurrent, KCB-Kshs	1201485371	-	4,250
<i>Cash on Hand</i>		-	-
Total		8,518	284,475

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

12. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.50%	33.30%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	1,521,900	-	-	-	1,521,900
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At /June 2025	-	-	-	-	-	1,521,900	-	-	-	1,521,900
Depreciation And Impairment										
Depreciation for the year	-	-	-	-	-	506,793	-	-	-	506,793
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	-	506,793	-	-	-	506,793
Net Book Values										
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	-	-	-	-	1,015,107	-	-	-	1,015,107

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

13. Trade and Other Payables.

Description	2024/2025	Opening Statement
		1 st July 2024
	Kshs	Kshs
Trade payables	233,512,399	110,823,675.00
Payments received in advance		
Employee payables		32,177,862.00
Third-party payments		
Other payables		
Total trade and other payables	233,512,399	143,001,537.00

14. Cash Generated from Operations.

	2024/2025
Surplus for the year before tax	(105,959,182.73)
Adjusted for:	
Depreciation	0
Non-cash grants received	0
Contributed assets	0
Impairment	0
Gains and losses on disposal of assets	0
Contribution to provisions	0
Contribution to impairment allowance	0
Working capital adjustments	
Increase in inventory	0
Increase in receivables	0
Increase in deferred income	0
Increase in payables	107,489,606.60

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Increase in payments received in advance	0
Net cash flow from operating activities	1,530,423.87

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

15. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from . The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Financial Risk Management

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

Financial Risk Management

The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx-1			
Euro	10%	-	-
USD	10%	-	-

Notes to the Financial Statements (Continued)

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs Nil (2025: Kshs Nil). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs NIL (2025 – Kshs NIL)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market

**County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025**

data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (Continued)

16. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Other related parties include:

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

	2024/2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	
d) Key management compensation	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

	2024/2025
	Kshs
Compensation to key management	-
Total	-

17. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024/2025
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	2024/2025
	Kshs
Contingent Liabilities	-
Court Case xx against the Entity	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

18. Capital Commitments

Capital Commitments	2024/2025
	Kshs
Authorised for	-
Authorised and contracted for	-
Total	-

**County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes to the Financial Statements (Continued)

19. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR:		Name of Financing Partners:				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

Expenditure Details - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)*

20. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

21. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

22. Currency

The financial statements are presented in Kenya Shillings (Kshs).

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

15 Appendix

Appendix 1: Implementation Status of Auditor-General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Use of Goods and Services				
1.1	<p>Over-Payment of Mileage Allowance</p> <p>Included in the amount is domestic travel and subsistence allowances of Kshs.194,142,533. However, review of records provided for audit revealed that mileage allowances of Kshs.91,559,265 paid to Members of the County Assembly were overstated. Analysis of the claims based on actual distances from Wajir County Headquarter to the respective wards as provided by the Ministry of Transport and Infrastructure, revealed Members were overpaid by Kshs.11,194,828.</p> <p>In the circumstance, the regularity and validity of mileage claims amounting to Kshs.11,194,828 paid</p>	<p>The management has adhered to the set maximum/ceiling in the initial months of the financial year as per SRC Circulars of 27th July 2022 and 9th August 2023.</p> <p>However, in the later months, the Hon Members of the County Assembly have filed a case at the Garissa High Court and were granted conservatory order stopping the implementation of SRC circular Vol.CXXV-No. 177 dated 9th August,2023 pending the hearing and determination of the application interparty. The management had to implement the conservatory orders by reverting to the earlier rate and distance of claimable mileage in calculating the monthly mileage claim for the MCAs.</p> <p>Additionally, the County Assembly of</p>	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	to Members of the County Assembly could not be confirmed.	<p>Wajir relied on the distances provided by the County Roads engineer who is the person responsible in the County. The County Roads Engineer is the person who provides the distances for both the National Assembly and the Senate Members. The Ministry of Transport and Infrastructure does not consider the several villages that have been set up that form part of the Ward. The Management have provided all the diagrammatic routes for the all the Forty-six (46) Members of the County Assembly. The County Assembly works with all the relevant departments including the Kenyan Courts where the Hon MCAs obtained sworn affidavits indicating their home.</p> <p>It is therefore not clear why the Auditors would wish to ignore the County Roads Department that is stationed in the County Headquarters and rely on the distances provided by the Ministry of Transport and Infrastructure</p>		

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	<p>Unsupported Procurement for Advertisement Services</p> <p>Included also in the amount are printing, advertising and information supplies & services costs of Kshs.5,599,910. Review of the ledgers provided for audit review in support of the expenditure that Kshs.2,200,000 was incurred on advertisement services. However, the expenditure was not supported by way of user requisition as basis for initiation of the procurement process and the services were single sourced from one media house.</p> <p>In the circumstances, the validity and occurrence of expenditure on advertisement of Kshs.2,200,000 could not be confirmed.</p>	<p>We acknowledge that the services were sourced from a single media house. However, to expedite this process, we proposed direct procurement, which is more efficient for urgent needs as outlined in PPADA 2015 Sec 103 (2b).</p>	Resolved	
2.0	<p>Irregular cash payments in IFMIS</p> <p>Analysis of the Integrated Financial</p>	<p>The management acknowledges use of the cash account in the IFMIS system as we work hard to ensure spending is in line with the uploaded hyperion budget.</p>	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Management Information System (IFMIS) payment transaction for the year under review revealed that ninety-one (91) transactions with total value of Kshs. 26,125,960 were paid in cash as per the item description. However, payment of Kshs. 1,933,000 were unsupported and unreported in the financial statements. Cash payments by its nature are high risk and susceptible to misuse.</p> <p>In the circumstance, the accuracy, occurrence and regularity of the cash payments amounting to Kshs. 1,933,000 could not be confirmed.</p>	<p>However, the questioned unsupported and unreported amount of Kshs. 1,933,000 are payments that were voided at the various stages of processing in the IFMIS system.</p>		
Emphasis of Matter				
1	<p>Late exchequer releases</p> <p>Review of records provided for the audit indicated that the County Assembly received exchequer releases amounting to Kshs.282,441,016 during the month</p>	<p>The Assembly was fortunate to receive its entire allocation, albeit late. Additionally, the County Executive and County Assembly of Wajir could do nothing about the exchequer releases.</p> <p>This has affected the timely payment</p>	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of June, 2024. Late Exchequer releases may have negatively affected implementation of budgeted programs and activities of County Assembly.	of medical insurance and other County Assembly programs. If not controlled, it may lead to pending bills.		
2	<p>Long Outstanding Pending Bills</p> <p>Annex 1 of the financial statements reflects pending accounts payable balance of Kshs.134,487,757. However, review of the pending bills revealed that some of the bills dated back to the 2014/2015 financial year. These should have been prioritized payments in the subsequent years budgets, as required by Regulation 41(2) of the Public Finance (County Government) Regulations, 2015, which requires that debt service payments be treated as a first charge on the County Revenue Fund.</p> <p>Failure to settle pending bills on time may expose the Assembly to</p>	<p>Several efforts have been done in the prior years but due to the Audit that was to be conducted by the Office of the Auditor General, the payments were not effected.</p> <p>Additionally, the current County Assembly Service Board has scrutinized and screened the pending bills and has recommended genuine pending accounts payable balance of Kshs. 134,487,757. Subsequently, Kshs. Twenty Million was allocated for the payment of pending bills in the FY 2024-2025. The Board will ensure all pending bills are paid by the FY 2026/2027.</p>	Not resolved	April, 2026

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	unnecessary costs which may arise as a result of litigation, fines and penalties. Other matter			
	Unresolved Prior year Matters In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.	The management has resolved five out of the ten issues raised in prior years. The following were resolved: Imprest facility was established, Motor vehicle reimbursement for Hon MCAs was taxed, IT Strategy and Policy were put in place, Audit Committee was established, Risk Management Policy was put in place and Internal Auditors conducted audit on the institution.	Not resolved	May 2026
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
	Basis for conclusion			
1.0	Compensation of employees			
1.1	Non-Compliance with Staffing Level Ceiling	The First Wajir County Assembly	Not resolved	May 2026

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	<p>Review of the County Assembly payroll for the month of June, 2024 indicated that the County Assembly had a total of one hundred and sixty-nine (169) employees. The Commission on Revenue Allocation recommendation through Circular Number CRA/FA/01 VOL 11 (22) dated 28 June, 2018 on County Government Recurrent Expenditure ceilings addressed to County Governors and Speakers of County Assemblies, capped the maximum number of employees of County Assemblies under group 2 under which County Assembly of Wajir falls, at one hundred (100). As a result, the County Assembly exceeded the maximum recommended number of employees by sixty-nine (69).</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Service Board (WCASB) herein the Employer, has recruited more staff than the threshold set by the Commission on Revenue Allocation (CRA).</p> <p>The current County Assembly Service Board has made attempts to reduce the number of employees. When the current County Assembly Service Board was established in October, 2022, the Assembly had a total of 196 employees. The board had introduced a biometric attendance system and conducted a staff head count. The board procedurally terminated the contractual employees and some employees resigned and others retired thus reducing the total number of employees to 169 as at June 2024.</p> <p>The County Assembly Service Board is in the process of engaging an HR firm to advise on how to meet the threshold without violating the Employment Act as well as Labour</p>		

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Relations Act and is in consultation with the Kenya County Government Workers Union (The Assembly employees are unionisable) on the matter.</p> <p>Additionally, all new recruitments have been frozen, and it has been resolved that vacancies arising from retirement, death, or other circumstances will be filled internally except for special circumstances</p>		
1.2	<p>Non-Adherence to Ethnic Composition Balance</p> <p>Examination of the County Assembly payroll for June, 2024 indicated that the Assembly had a total of 169 employees. However, analysis of the employees' data revealed that 99% of the employees were from the same ethnic community with only 1% from other ethnic communities.</p> <p>In the circumstances, the Assembly</p>	<p>The County Assembly Service Board has advertised for positions in the print media in 2014 and encouraged individuals from outside the dominant ethnic community in the County to apply. Only two persons applied and were recruited.</p> <p>At the time of hiring, all the County Governments advertised vacant positions, and as such many preferred</p>	Not resolved	May 2026

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	was in breach of the law.	to apply at their home Counties.		
1.3	<p>Staff Receiving Monthly Net Salary below a Third of Basic Salary</p> <p>Review of the Assembly payrolls for the year under review revealed that two (2) employees received net salaries in June, 2024 that were less than one third of their respective basic salaries while three (3) employees received net salaries in May, 2024 which were less than one third of their basic salaries. This was contrary to the requirement of Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.</p> <p>In the circumstances, the Assembly</p>	<p>This is noted. Appropriate administrative action have been taken where the Clerk wrote to the concerned individuals ,the HR department, banks and to the entire staff to ensure that they comply with section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.</p> <p>The management has also sensitized the employees on the legal requirements to prevent future occurrences.</p>	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	was in breach of the law.			
1.4	<p>Non-Compliance with Ward Partisan Staffing Levels</p> <p>During the year under review the County Assembly engaged ward partisan staff for the elected and nominated Members of County Assembly (MCAs). Review of the ward staff payroll provided revealed that the Assembly employed a total of two hundred and fifty-nine (259) partisan staff for the wards against the limit of one hundred and forty-four (144) for the forty-eight elected and nominated MCAs in the County. As a result, the Assembly exceeded the recommended maximum number of staff by one hundred and fifteen (115). This was contrary to the Commission on Revenue Allocation Circular number CRA/CSO/CMG//9/VOLV/59 dated 21 October, 2020 on Advisory of Ward</p>	This is noted. The matter will be deliberated and addressed by the County Assembly Service Board.	Not resolved	March 2026

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Offices Operation Costs which recommends a maximum of staff per ward and to be paid a minimum salary of Kshs30,341. In addition, the Assembly paid a monthly salary ranging from Kshs.15,000 to Kshs.25,000 instead of the minimum of Kshs.30,341 recommended by the Commission on Revenue Allocation.</p> <p>In the circumstances, Management was in breach of law.</p>			
2.0	Use of Goods and Services			
2.1	<p>Irregular Payment to the County Assembly Forum and Clerks Society</p> <p>During the year under review, the Assembly paid an amount of Kshs.5,000,000 and Kshs.750,000 to the County Assemblies Forum and Society of Clerks at the Table respectively in respect of subscriptions to the organizations. However, the payments lacked legal</p>	<p>The Society of Clerks at the Table in the Kenya Legislatures (SOCATT) and the County Assemblies Forum (CAF) are in the process of being anchored in law. Both have been instrumental in providing capacity building training for the staff and Hon MCAs.</p>	Not resolved	May 2026

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>backing or supporting policy guidelines.</p> <p>In the circumstances, validity and regularity of the subscription's expenditure of Kshs.5,750,000 could not be confirmed.</p>			
2.2	<p>Non-Adherence to Fiscal Responsibility Principle on County Assembly Expenditure</p> <p>The County Assembly approved revenue budget for 2023/2024 financial year was Kshs. 997,050,023 against actual expenditure of Kshs. 999,537,966. During the year under review, the County Executive of Wajir paid an amount of Kshs. 196,275,261 for goods, works and services on behalf of the County Assembly. In effect the County Assembly was allocated a total of Kshs. 1,195,813,227 against total County Government of Wajir Revenue of</p>	<p>The County Assembly of Wajir has been allocated a budget of Kshs. 992,922,326 in the FY 2023-2024 and a carry forward of Kshs. 6,615,640 from the FY 2022-2023 totalling to Kshs. 999,537,966.</p> <p>The County Assembly did not receive Kshs. 196,275,261 or was it aware of the payments made on its behalf. The construction of the new County Assembly headquarters was started in the first term of devolution. The County Assembly Service Board and the Management have not been consulted on the design, the construction and payments for the entire period the project was being</p>	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs. 11,143,480,018 translating to 10.4% of the total County Government Revenue. This was contrary to Regulation 25(1)(f) of the Public Finance Management (County Governments), Regulations, 2015 which provides that the approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.</p> <p>In the circumstances, the County Assembly expenditure exceeded the limit set by law.</p>	<p>undertaken. It will therefore be strange when the Auditors report that the County Assembly has been allocated Kshs. 1,195,813,227. This observation by the Auditors needs to be corrected.</p> <p>The construction has been undertaken by the County Executive of Wajir and monies paid by them. This observation is therefore misleading.</p> <p>We have confirmed allocation of Kshs. 999,537,966 in our financial statement and accounted for the same amount. We request the Auditors to do away with this observation as it will not show the true position of our financial statement for the FY 2023-2024.</p>		
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
	Basis for Conclusion			
1	Processing of Salary by Use of Manual Payroll	The County Assembly management is committed to eliminating the use of manual payroll. At the beginning of	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Review of the County Assembly's payroll revealed that the Assembly maintained two (2) sets of payrolls. One payroll in the Integrated Personnel and Payroll Database (IPPD) while the other payroll was in Excel spreadsheet. Management cited lack of personal numbers as the reason for the failure to process the salaries through the Integrated Payroll and Personnel Database. However, no satisfactory explanation was provided for the delay in obtaining personal number for one (1) staff member and the two (2) Members of County Assembly whose salaries were processed through manual payroll.</p> <p>Processing of salaries of staff and Assembly Members through manual payroll may expose the County Assembly to fraudulent payments.</p>	<p>the year, there were five (5) Honourable MCAs and three (3) employees on the manual payroll. Due to ongoing efforts, there are currently only two (2) Honourable MCAs remaining on the manual payroll. We are coordinating with the Directorate of the Personnel Management (DPSM) to ensure that these two MCAs exit the manual payroll.</p>		
2	Failure by the County Assembly to deliberate Audit Reports	All the Audit Reports have been tabled on the floor of the House and	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Review of the County Assembly's payroll revealed that the Assembly maintained two (2) sets of payrolls. One payroll in the Integrated Personnel and Payroll Database (IPPD) while the other payroll was in Excel spreadsheet. Management cited lack of personal numbers as the reason for the failure to process the salaries through the Integrated Payroll and Personnel Database. However, no satisfactory explanation was provided for the delay in obtaining personal number for one (1) staff member and the two (2) Members of County Assembly whose salaries were processed through manual payroll.</p> <p>Processing of salaries of staff and Assembly Members through manual payroll may expose the County Assembly to fraudulent payments.</p>	<p>committed to the Public Accounts and Investment Committee for consideration. So far, the Committee presented 6 number of reports. The County Assembly Public Accounts and Investment Committee (PAIC) is in the process of deliberating the remaining Audit Reports and issue recommendations on the Auditor-General's reports for all Wajir County Government entities. They will soon table the reports.</p>		
3	Effectiveness of the Internal Audit	This is noted. The Internal Audit	Resolved	

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

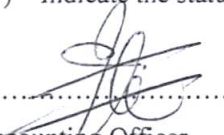
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Unit and Audit Committee</p> <p>Review of the internal audit unit of the Assembly revealed that the unit had only two (2) staff members. During the year under review, the unit carried one (1) audit exercise covering major sections of the Assembly's financial operations. However, the unit did not submit the report of the exercise to the audit committee for deliberation and necessary action. Although the audit committee held meetings. during the year, there was no evidence that the Committee discussed any external or internal audit report.</p> <p>As a result, the effectiveness of the internal audit unit and the audit committee could not be confirmed.</p>	<p>Department and the Audit Committee will be adequately facilitated to assess the adequacy and effectiveness of internal controls, ensuring appropriate mitigation measures are put in place.</p>		

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

.....

Accounting Officer

Date 16/10/25

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Appendix II: Projects implemented by *(The Entity)*

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting	Consolidated in these financial statements
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total project	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES		Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
						Deferred Income	Receivables	Others must be specific	-	
Wajir County Executive	4-Oct-24	Recurrent	12,402,269.00		√	-	-	-	-	-
	4-Oct-24	Recurrent	42,176,487.00		√	-	-	-	-	-
	7-Oct-24	Recurrent	5,313,360.00		√	-	-	-	-	-
	25-Oct-24	Recurrent	13,242,880.00		√	-	-	-	-	-
	29-Oct-24	Recurrent	36,497,785.00		√	-	-	-	-	-
	29-Oct-24	Recurrent	12,465,053.00		√	-	-	-	-	-
	29-Oct-24	Recurrent	5,164,572.00		√	-	-	-	-	-
	8-Nov-24	Recurrent	5,963,350.00		√	-	-	-	-	-
	13-Nov-24	Recurrent	13,258,500.00		√	-	-	-	-	-
	15-Nov-24	Recurrent	12,481,000.00		√	-	-	-	-	-
	25-Nov-24	Recurrent	12,387,881.00		√	-	-	-	-	-
	25-Nov-24	Recurrent	36,256,620.00		√	-	-	-	-	-
	25-Nov-24	Recurrent	5,156,295.00		√	-	-	-	-	-
	27-Nov-24	Recurrent	12,317,685.00		√	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

	27-Nov-24	Recurrent	5,173,702.00		√	-	-	-	-	-
	27-Nov-24	Recurrent	37,296,120.00		√	-	-	-	-	-
	9-Dec-24	Recurrent	5,367,751.00		√	-	-	-	-	-
	9-Dec-24	Recurrent	12,317,685.00		√	-	-	-	-	-
	10-Dec-24	Recurrent	37,430,172.00		√	-	-	-	-	-
	23-Dec-24	Recurrent	1,184,780.00		√	-	-	-	-	-
	23-Dec-24	Recurrent	3,581,773.00		√	-	-	-	-	-
	23-Dec-24	Recurrent	9,900,400.00		√	-	-	-	-	-
	16-Jan-25	Recurrent	5,367,751.00		√	-	-	-	-	-
	16-Jan-25	Recurrent	37,836,716.00		√	-	-	-	-	-
	16-Jan-25	Recurrent	12,355,181.00		√	-	-	-	-	-
	5-Feb-25	Recurrent	5,400,000.00		√	-	-	-	-	-
	12-Feb-25	Recurrent	6,012,470.00		√	-	-	-	-	-
	12-Feb-25	Recurrent	12,283,241.00		√	-	-	-	-	-
	12-Feb-25	Recurrent	36,007,121.00		√	-	-	-	-	-
	19-Feb-25	Recurrent	17,762,737.00		√	-	-	-	-	-
	20-Mar-25	Recurrent	36,784,609.00		√	-	-	-	-	-
	20-Mar-25	Recurrent	5,318,335.00		√	-	-	-	-	-
	20-Mar-25	Recurrent	571,856.00		√	-	-	-	-	-
	25-Mar-25	Recurrent	1,004,780.00		√	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

	25-Mar-25	Recurrent	1,994,763.00		√	-	-	-	-	-
	27-Mar-25	Recurrent	30,000,000.00		√	-	-	-	-	-
	2-May-25	Recurrent	5,350,465.00		√	-	-	-	-	-
	2-May-25	Recurrent	36,544,529.00		√	-	-	-	-	-
	8-May-25	Recurrent	470,800.00		√	-	-	-	-	-
	8-May-25	Recurrent	27,448,112.00		√	-	-	-	-	-
	8-May-25	Recurrent	12,355,181.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	38,420,651.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	5,373,997.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	1,701,000.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	6,227,200.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	576,148.00		√	-	-	-	-	-
	4-Jun-25	Recurrent	1,390,451.00		√	-	-	-	-	-
	17-Jun-25	Recurrent	4,500,000.00		√	-	-	-	-	-
	26-Jun-25	Recurrent	36,539,044.00		√	-	-	-	-	-
	26-Jun-25	Recurrent	12,635,965.00		√	-	-	-	-	-
	26-Jun-25	Recurrent	7,141,000.00		√	-	-	-	-	-
	26-Jun-25	Recurrent	5,367,231.00		√	-	-	-	-	-
	30-Jun-25	Recurrent	667,500.00		√	-	-	-	-	-
	30-Jun-25	Recurrent	1,466,500.00		√	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

	30-Jun-25	Recurrent	11,910,772.00		√	-	-	-	-	-
	30-Jun-25	Recurrent	11,662,000.00		√	-	-	-	-	-
	30-Jun-25	Recurrent	10,658,910.00		√	-	-	-	-	-
TOTAL			784,443,136			-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Appendix VII: Disaster Expenditure Reporting Template

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-

County Government of Wajir
Wajir County Assembly
Annual Report and Financial Statements for the year ended June 30, 2025

Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the period (Kshs)	Disposals during the period (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs)
Buildings and structures	19,068,001	1,521,900	-	-	20,589,901
Office equipment, furniture and fittings	49,931,918	-	-	-	49,931,918
ICT Equipment, Software and Other ICT Assets	15,136,002	-	-	-	15,136,002
Machinery and Equipment	33,999,451	-	-	-	33,999,451
Total	118,135,372	1,521,900	0	0	119,657,272